

August 9, 2022

## Q1FY23 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	190		170	
NII (Rs. m)	22,133	24,668	22,193	24,638
% Chng.	(0.3)	0.1		
Op. Profit (Rs. m)	17,703	19,750	17,229	19,440
% Chng.	2.7	1.6		
EPS (Rs.)	12.3	14.7	11.8	13.9
% Chng.	4.2	5.6		

### Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
NII (Rs m)	18,297	19,165	22,133	24,668
Op. Profit (Rs m)	14,678	15,953	17,703	19,750
PAT (Rs m)	5,928	7,602	9,079	10,864
EPS (Rs.)	8.0	10.3	12.3	14.7
Gr. (%)	-	-	-	-
DPS (Rs.)	0.6	0.5	1.0	1.0
Yield (%)	0.4	0.3	0.6	0.6
NIM (%)	3.9	3.7	3.8	3.8
RoAE (%)	10.6	12.2	13.0	13.7
RoAA (%)	1.4	1.5	1.4	1.5
P/BV (x)	2.1	1.8	1.6	1.4
P/ABV (x)	2.5	2.2	1.9	1.7
PE (x)	20.3	15.8	13.3	11.1
CAR (%)	19.9	20.9	21.1	21.2

### Key Data

CTBK.BO | CUBK IN

52-W High / Low	Rs.184 / Rs.109
Sensex / Nifty	58,853 / 17,525
Market Cap	Rs.120bn / \$ 1,513m
Shares Outstanding	740m
3M Avg. Daily Value	Rs.338.68m

### Shareholding Pattern (%)

Promoter's	-
Foreign	18.16
Domestic Institution	41.65
Public & Others	40.19
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	12.5	17.0	6.3
Relative	4.1	14.9	(1.9)

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## Focus on growth as asset quality risk abating

### Quick Pointers:

- Core PPOp was better led by higher NIM and stronger AUCA recoveries.
- Stressed pool doing well; loan growth guidance raised to 15-18%.

**CUBK saw yet another a strong quarter with core earnings at Rs2.0bn beating estimates by 7.5% led by better NII and stronger AUCA recoveries. Stressed expsoure at ~Rs45bn is performing well and has reduced QoQ. Customers relating to 86% of OTR exposure have paid 1 or more EMI; by FY23 end ~60% of OTR would come out of restructuring. Spicejet has agreed to clear dues before Jun'23 with renewed terms also providing adequate collateral. As it is fully provided (Rs970mn), an upgrade could cushion balance sheet. With comfort on asset quality, focus is back on growth and CUBK raised FY23 loan growth guidance from 12-15% to 15-18%. Drivers are in place for margin to improve and we expect NIM to enhance by 11bps YoY to 3.77% in FY23. As we raise FY23/24 core earnings by average 9% we increase multiple from 1.7x to 1.9x. Retain BUY and revise TP from Rs170 to Rs190.**

- Core PPOp beat due to better NII/AUCA recoveries; asset quality stable:** NII was higher at Rs5.25bn (PLe Rs5.0bn) due to better NIM as loan growth was in-line at 12.9%. NIM was higher at 3.99% (PLe 3.83%) due to superior yield on IEA. Other income was strong at Rs2.2bn (PLe Rs1.5bn) as treasury loss was more than offset by forex gains while AUCA recoveries were stronger at Rs918mn (last quarter Rs739mn). Fees too were better at Rs850mn. Opex was a miss at Rs2.95bn (PLe Rs2.8bn). Core PPOp surprised positively at Rs4.26bn (PLe Rs3.9bn). Provisions were in-line at Rs1.5bn which included NPA provisions of Rs1.15bn. GNPA/NNPA improved QoQ by ~4bps each to 4.66%/2.89% while PCR rose slightly QoQ from 38% to 39%. PAT was ahead at Rs2.25bn (PLe Rs1.7bn) while core PAT was Rs2.0bn (PLe Rs1.9bn).
- Asset quality risk abating:** Slippages at Rs2.7bn were in-line (Rs570mn from OTR pool) while recoveries were lower at Rs1.6bn, although AUCA recoveries were stronger. OTR pool reduced QoQ from 5.4% to 5.1% (Rs20.34bn) with PCR at 10%. Repayment has already started for 58% (Rs11.8bn) of OTR pool and of the remaining 42% (Rs8.6bn) 86% has paid 1 or more EMIs. Hence effectively ~6% (Rs1.2bn) of OTR has not paid a single EMI (last quarter 7%). By FY23 end ~60% of OTR may move out of restructuring. Spicejet has agreed settle its dues of Rs970mn in a phased manner before Jun'23. As per new terms, their entire facility has been renewed as they would pay Rs150mn by Aug'22 while 20mn shares (worth ~Rs900mn) have been pledged as collateral. The account has moved out of SMA status while PCR on this account is 100%
- Growth target for FY23 raised:** Credit growth guidance for FY23 has been raised from 12-15% to 15-18% as growth concerns have diminished. Levers are in place for NIM to improve over FY22-23 from 3.7% to 3.8% viz. (1) CUBK generally has a positive ALM mismatch in <1yr maturity bucket (2) 64% of the portfolio is EBLR linked (repo) and 3) the bank is comfortable to take LDR up to 90%. Slippage ratio guidance at 2-2.5% of closing loans seems achievable as stressed pool is performing well which would keep credit costs controlled.

**Exhibit 1: Better NII and other income lead to earnings beat**

*NII growth was good at ~17% YoY led by better margins.*

*Other income growth was driven mainly by higher recoveries and treasury income.*

*Opex was higher due to both employee and other opex*

*Overall provisioning largely steady.*

*Loan growth was tad better at 12.9% YoY, deposits growth was decent at 9.3% YoY.*

*NIM to remain range bound*

*Asset quality metrics was decent led by better recoveries and upgrades despite slippages.*

*CASA slightly reduced to 31.5%*

P&L Statement (Rs m)	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)
Interest Income	10,994	9,974	10.2	10,499	4.7
Interest Expended	5,745	5,498	4.5	5,493	4.6
<b>Net interest income (NII)</b>	<b>5,249</b>	<b>4,476</b>	<b>17.3</b>	<b>5,007</b>	<b>4.8</b>
-Treasury income	209	1,052	(80.1)	502	(58.4)
Other income	2,175	1,957	11.2	2,030	7.2
<b>Total income</b>	<b>7,424</b>	<b>6,432</b>	<b>15.4</b>	<b>7,036</b>	<b>5.5</b>
Operating expenses	2,953	2,602	13.5	2,638	12.0
-Staff expenses	1,327	1,293	2.7	1,136	16.8
-Other expenses	1,626	1,310	24.1	1,502	8.3
<b>Operating profit</b>	<b>4,471</b>	<b>3,830</b>	<b>16.7</b>	<b>4,398</b>	<b>1.7</b>
<b>Core Operating Profit</b>	<b>4,262</b>	<b>2,778</b>	<b>53.4</b>	<b>3,896</b>	<b>9.4</b>
Total provisions	1,520	1,700	(10.6)	1,709	(11.1)
<b>Profit before tax</b>	<b>2,951</b>	<b>2,130</b>	<b>38.6</b>	<b>2,690</b>	<b>9.7</b>
Tax	700	400	75.0	600	16.7
<b>Profit after tax</b>	<b>2,251</b>	<b>1,730</b>	<b>30.1</b>	<b>2,090</b>	<b>7.7</b>
<b>Balance Sheet (Rs m)</b>					
Deposits	487,721	446,059	9.3	476,897	2.3
Advances	401,363	355,573	12.9	403,585	(0.6)
<b>Ratios (%)</b>					
<b>NIM</b>	<b>4.0</b>	<b>3.8</b>	<b>16</b>	<b>3.8</b>	<b>17</b>
RoaA	1.6	1.4	21	1.5	10
RoaE	14.1	12.1	193	13.5	61
<b>Asset Quality</b>					
Gross NPL (Rs m)	19,035	20,354	(6.5)	19,332	(1.5)
Net NPL (Rs m)	11,612	12,422	(6.5)	11,911	(2.5)
<b>Gross NPL ratio</b>	<b>4.66</b>	<b>5.60</b>	<b>(94.3)</b>	<b>4.70</b>	<b>(5)</b>
<b>Net NPL ratio</b>	<b>2.89</b>	<b>3.49</b>	<b>(60.0)</b>	<b>2.95</b>	<b>(6)</b>
Coverage ratio (Calc)	40.0	39.0	103	38.4	161
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	31.5	27.6	398	32.6	(101)
Cost-income ratio	39.8	40.5	(68)	37.5	229
Non int. inc / total income	29.3	30.4	(112)	28.8	46
Credit deposit ratio	82.3	79.7	258	84.6	(233)
CAR	20.5	19.6	90	20.9	(37)
Tier-I	1.1	1.1	(1)	1.1	(1)

Source: Company, PL

## Q1FY23 Conference Call Highlights

### Assets & Liabilities – Commentary & build-up

- Environment was improved during the quarter with no major impact of Covid-19 third wave, which resulted in reaching ROA of +1.5% during the quarter. Management guided for credit growth in the region of 15-18% with improved economic push (though Ukraine war impact remains to be monitored) for FY23 with ROA improving to +1.5%.
- Credit growth would be higher during the year end as management expects the investment cycle to resume from Q4FY22.
- For credit card business, bank has rolled out its own credit card, however the same would not be aggressively pushed for growth.
- On the liability front, strategy remained on CASA accretion than TD. Management is comfortable with CD Ratio ~90% similar to pre-covid levels.

### NIMs/Yields

- For Q1FY23, bank reported NIM of 3.95% which is expected to remain range bound between 3.8-4%. Entire rate transmission is yet to be done. ~75% of the loans are linked to EBLR, MCLR.
- Bank plans to add 50-75 branches by the end of FY23 and plans to increase employee headcount as well.
- C/I ratio is hence expected to remain elevated in the range 42-45% owing to lower treasuries and higher costs.
- Treasury income gains from domestic market may not be favorable as yields have moved upwards, however focus would be on integrated treasury gains from Foreign Markets and have adequate provision buffer.

### Asset Quality

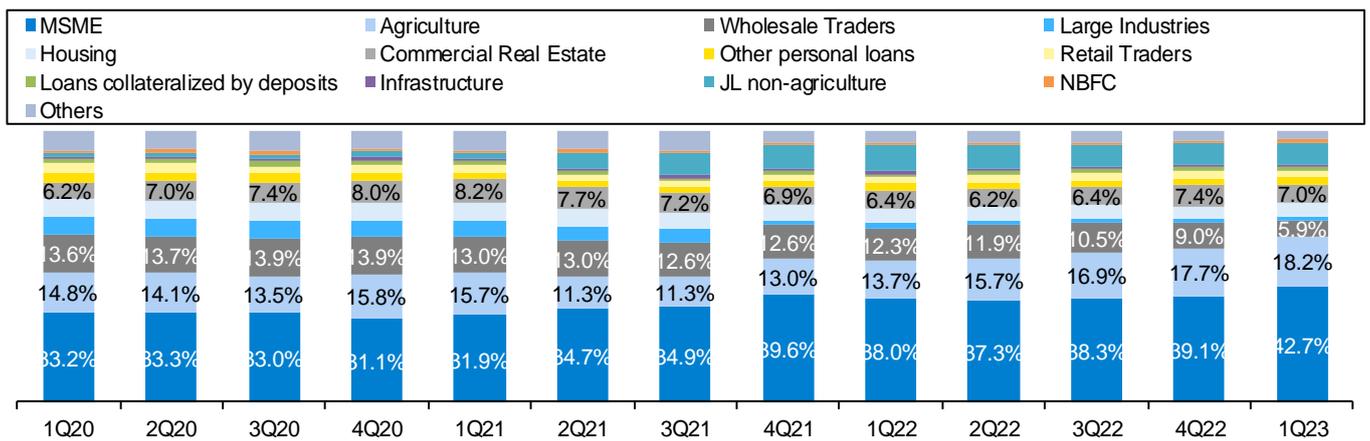
- As on June 30, 2022, total outstanding restructured borrower accounts was 1830 amounting to Rs.20.34bn or 5.1% of the book, against which bank has provisions of Rs.1.56bn and Rs0.4bn towards erosion on FV of accounts. Of the total, 58% of borrowers have started repayments. SMA 2 book of the OTR pool is ~Rs.2bn. Slippages from the OTR pool in Q1FY23 were Rs0.57bn
- Total SMA 2 book is ~Rs8.2bn or 2% of the book, management does not foresee any significant addition to this stock.
- With regards to the SpiceJet account, company has been regularly servicing the interest component, they had approached for renewal of facility to the tune of Rs0.97bn which has been given by the bank on the basis of immediate repayment of Rs0.03bn and additional collateral by the promoter of Rs0.02bn. Account has been moved out of SMA, while bank has provided Rs0.97bn.
- Slippages would stabilize to pre-covid levels of 2-2.5% over the course. Recovery trends remain strong and in the same range.
- Under ECLGS, Bank has total O/s of Rs.25bn, of which SMA 1 – Rs5bn and SMA 2 – Rs2.2bn (incl. other balances of the same borrower)

**Exhibit 2: MSME growth rebounds, while others were sequentially slow**

Advances break-up (Rs m)	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)
MSME	174,920	138,474	26.3	160,714	8.8
Agriculture	74,353	49,964	48.8	73,004	1.8
Wholesale Traders	24,322	44,827	(45.7)	36,836	(34.0)
Large Industries	6,258	6,394	(2.1)	6,563	(4.6)
Housing	19,809	20,421	(3.0)	19,987	(0.9)
Commercial Real Estate	28,741	23,200	23.9	30,335	(5.3)
Other personal loans	9,470	9,535	(0.7)	9,345	1.3
Retail Traders	9,352	7,485	24.9	12,385	(24.5)
Loans collateralized by deposits	5,936	4,986	19.1	6,871	(13.6)
Infrastructure	3,490	3,165	10.3	3,484	0.2
JL non-agriculture	34,579	36,038	(4.0)	31,749	8.9
NBFC	4,207	2,418	74.0	4,180	0.6
Others	13,904	17,048	(18.4)	16,087	(13.6)
<b>Total Advances</b>	<b>409,341</b>	<b>363,955</b>	<b>12.5</b>	<b>411,540</b>	<b>(0.5)</b>

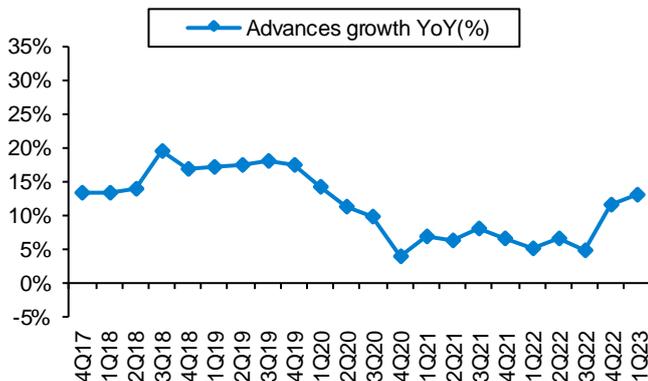
Source: Company, PL

**Exhibit 3: MSME continues to maintain dominant share, agri sees uptick**



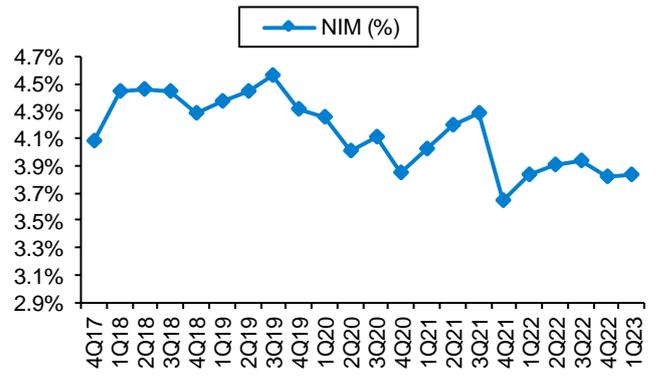
Source: Company, PL

**Exhibit 4: MSME and agri drive growth**



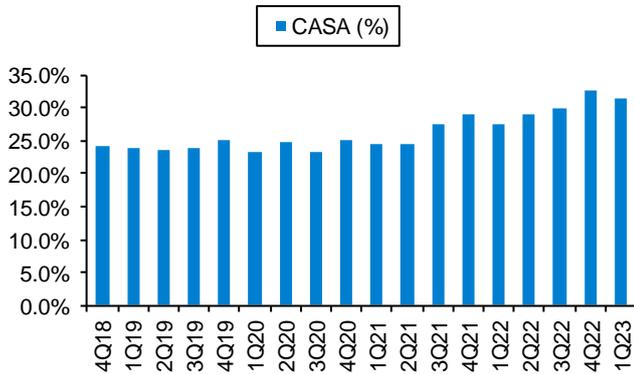
Source: Company, PL

**Exhibit 5: NIM remains stable**



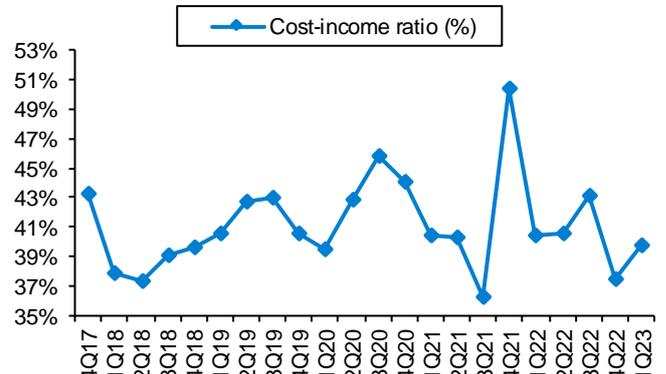
Source: Company, PL

**Exhibit 6: CASA accretions stable**



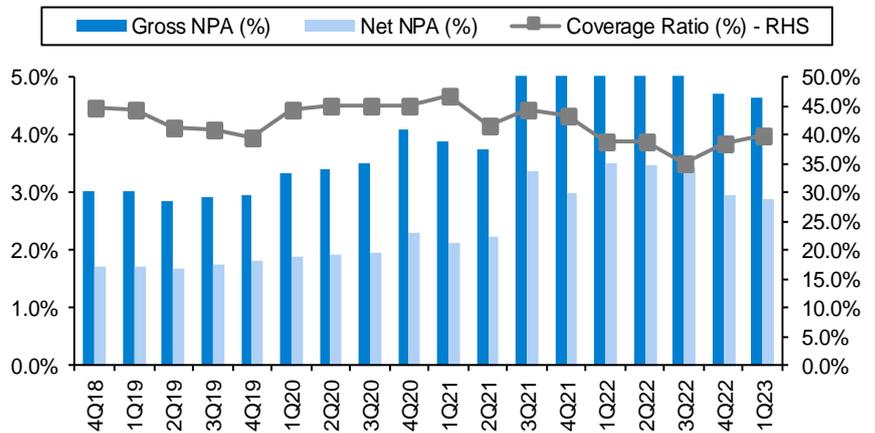
Source: Company, PL

**Exhibit 7: C/I rise as treasury income was positive**



Source: Company, PL

**Exhibit 8: Slippages steady, PCR inches up to 40%**

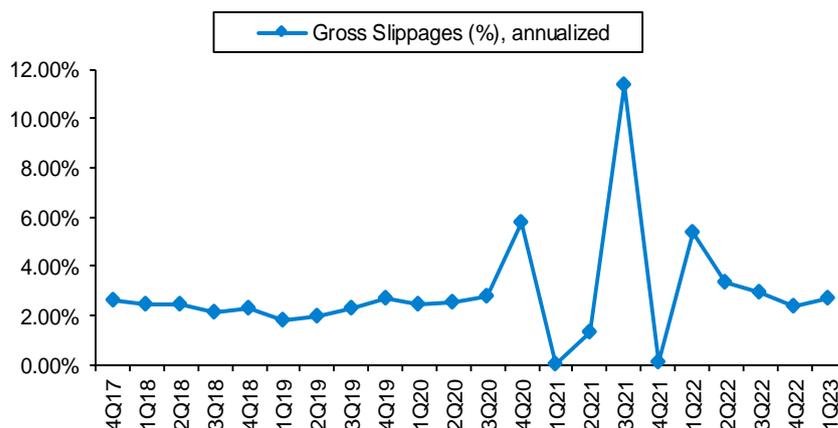


Source: Company, PL

**Exhibit 9: Fresh slippages were stable, while recoveries were strong**

Movement of NPL	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)
Opening	19,332	18,932	2.1	19,986	(3.3)
Additions	2,702	4,822	(44.0)	2,208	22.4
Reduction	2,999	3,400	(11.8)	2,862	4.8
<b>Closing</b>	<b>19,035</b>	<b>20,354</b>	<b>(6.5)</b>	<b>19,332</b>	<b>(1.5)</b>
<b>Slippages (%)</b>	<b>2.86</b>	<b>5.56</b>	<b>(270)</b>	<b>2.31</b>	<b>55</b>

Source: Company, PL

**Exhibit 10: Slippages were steady**


Source: Company, PL

**Exhibit 11: Return ratios are on track to see mid-tier levels**

Du-pont Analysis	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>NII/Assets</b>	<b>3.3</b>	<b>3.6</b>	<b>3.8</b>	<b>3.8</b>	<b>3.5</b>	<b>3.6</b>	<b>3.3</b>	<b>3.5</b>	<b>3.5</b>
Other inc./Assets	1.4	1.4	1.4	1.2	1.4	1.3	1.3	1.2	1.2
<b>Net revenues/Assets</b>	<b>4.7</b>	<b>5.0</b>	<b>5.2</b>	<b>5.0</b>	<b>5.0</b>	<b>4.9</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>
Opex/Assets	1.9	2.1	2.0	2.1	2.1	2.0	1.9	1.9	1.9
Provisions/Assets	0.8	0.9	1.1	0.7	1.6	1.5	1.1	0.9	0.8
Taxes/Assets	0.5	0.6	0.5	0.6	0.2	0.2	0.4	0.4	0.5
<b>ROA (%)</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.0</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>
<b>ROE (%)</b>	<b>15.1</b>	<b>14.9</b>	<b>15.1</b>	<b>15.2</b>	<b>9.4</b>	<b>10.6</b>	<b>12.2</b>	<b>13.0</b>	<b>13.7</b>

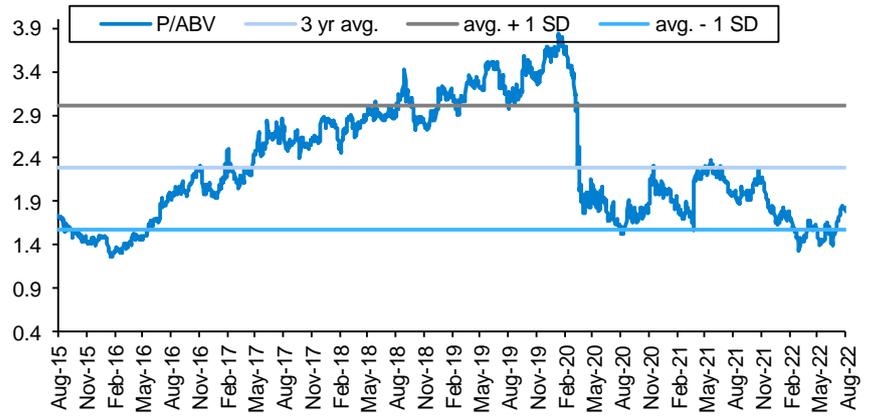
Source: Company, PL

**Exhibit 12: We marginally tinker our estimates and raise our TP**

Earnings Estimates Changes (Rs mn)	Earlier		Revised		% Change	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Net interest income	22,193	24,638	22,133	24,668	(0.3)	0.1
Operating profit	17,229	19,440	17,703	19,750	2.8	1.6
Net profit	8,710	10,284	9,079	10,864	4.2	5.6
Loan Growth (%)	14.0	15.0	14.0	15.0	0.3	0.0
Credit Cost (bps)	138.7	122.9	136.9	114.0	(1.3)	(8.9)
EPS (Rs)	11.8	13.9	12.3	14.7	4.0	5.7
ABVPS (Rs)	84.3	98.0	85.0	98.2	0.8	0.2
<b>Price target (Rs)</b>	<b>170</b>		<b>190</b>		<b>11.8</b>	
<b>Recommendation</b>	<b>BUY</b>		<b>BUY</b>			

Source: Company, PL

Exhibit 13: City Union Bank One-year forward P/ABV chart



Source: Company, PL

**Income Statement (Rs. m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
Int. Earned from Adv.	35,078	34,540	41,293	50,229
Int. Earned from invt.	5,828	6,305	7,831	8,967
Others	441	203	575	501
<b>Total Interest Income</b>	<b>41,347</b>	<b>41,048</b>	<b>49,698</b>	<b>59,697</b>
Interest Expenses	23,050	21,883	27,565	35,028
<b>Net Interest Income</b>	<b>18,297</b>	<b>19,165</b>	<b>22,133</b>	<b>24,668</b>
<i>Growth(%)</i>	9.2	4.7	15.5	11.5
Non Interest Income	6,888	7,591	7,745	8,682
<b>Net Total Income</b>	<b>25,184</b>	<b>26,756</b>	<b>29,879</b>	<b>33,351</b>
<i>Growth(%)</i>	(0.5)	0.8	18.1	19.0
Employee Expenses	4,637	5,036	5,403	5,887
Other Expenses	4,994	4,916	6,773	7,713
<b>Operating Expenses</b>	<b>10,506</b>	<b>10,803</b>	<b>12,176</b>	<b>13,600</b>
<b>Operating Profit</b>	<b>14,678</b>	<b>15,953</b>	<b>17,703</b>	<b>19,750</b>
<i>Growth(%)</i>	9.4	8.7	11.0	11.6
NPA Provision	5,990	5,535	5,345	5,075
<b>Total Provisions</b>	<b>7,750</b>	<b>6,101</b>	<b>5,912</b>	<b>5,641</b>
<b>PBT</b>	<b>6,928</b>	<b>9,852</b>	<b>11,791</b>	<b>14,109</b>
Tax Provision	1,000	2,250	2,712	3,245
<i>Effective tax rate (%)</i>	14.4	22.8	23.0	23.0
<b>PAT</b>	<b>5,928</b>	<b>7,602</b>	<b>9,079</b>	<b>10,864</b>
<i>Growth(%)</i>	24.5	28.2	19.4	19.7

**Balance Sheet (Rs. m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
Face value	1	1	1	1
No. of equity shares	739	740	740	740
Equity	739	740	740	740
<b>Networth</b>	<b>58,425</b>	<b>65,857</b>	<b>74,358</b>	<b>84,631</b>
<i>Growth(%)</i>	10.3	12.7	12.9	13.8
Adj. Networth to NNPA's	10,752	11,911	11,487	11,981
<b>Deposits</b>	<b>4,45,374</b>	<b>4,76,897</b>	<b>5,32,572</b>	<b>6,04,995</b>
<i>Growth(%)</i>	9.1	7.1	11.7	13.6
CASA Deposits	1,29,814	1,55,294	1,59,772	1,88,758
<i>% of total deposits</i>	29.1	32.6	30.0	31.2
<b>Total Liabilities</b>	<b>5,33,117</b>	<b>6,15,309</b>	<b>6,66,435</b>	<b>7,49,653</b>
Net Advances	3,61,578	4,03,585	4,60,280	5,29,452
<i>Growth(%)</i>	6.6	11.6	14.0	15.0
Investments	94,359	1,22,212	1,22,492	1,33,704
<b>Total Assets</b>	<b>5,33,117</b>	<b>6,15,309</b>	<b>6,66,435</b>	<b>7,49,653</b>
<i>Growth (%)</i>	7.2	15.4	8.3	12.5

**Asset Quality**

Y/e Mar	FY21	FY22	FY23E	FY24E
Gross NPAs (Rs m)	18,932	19,332	19,033	19,120
Net NPAs (Rs m)	10,752	11,911	11,487	11,981
<i>Gr. NPAs to Gross Adv.(%)</i>	5.1	4.7	4.1	3.6
<i>Net NPAs to Net Adv. (%)</i>	3.0	3.0	2.5	2.3
<i>NPA Coverage %</i>	43.2	38.4	39.6	37.3

**Profitability (%)**

Y/e Mar	FY21	FY22	FY23E	FY24E
NIM	3.9	3.7	3.8	3.8
RoAA	1.4	1.5	1.4	1.5
RoAE	10.6	12.2	13.0	13.7
Tier I	18.5	19.8	19.8	19.5
CRAR	19.9	20.9	21.1	21.2

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Interest Income	10,222	10,352	10,499	10,994
Interest Expenses	5,439	5,453	5,493	5,745
<b>Net Interest Income</b>	<b>4,783</b>	<b>4,900</b>	<b>5,007</b>	<b>5,249</b>
<i>YoY growth (%)</i>	0.7	0.2	16.8	17.3
CEB	731	721	788	850
Treasury	-	-	-	-
Non Interest Income	2,028	1,600	2,030	2,175
<b>Total Income</b>	<b>12,249</b>	<b>11,952</b>	<b>12,529</b>	<b>13,170</b>
Employee Expenses	1,270	1,338	1,136	1,327
Other expenses	1,490	1,466	1,502	1,626
<b>Operating Expenses</b>	<b>2,759</b>	<b>2,804</b>	<b>2,638</b>	<b>2,953</b>
<b>Operating Profit</b>	<b>4,051</b>	<b>3,696</b>	<b>4,398</b>	<b>4,471</b>
<i>YoY growth (%)</i>	5.3	(19.4)	54.5	16.7
Core Operating Profits	3,532	3,286	3,896	4,262
NPA Provision	-	-	2,188	1,400
Others Provisions	1,480	1,235	1,709	1,520
<b>Total Provisions</b>	<b>1,480</b>	<b>1,235</b>	<b>1,709</b>	<b>1,520</b>
<b>Profit Before Tax</b>	<b>2,571</b>	<b>2,461</b>	<b>2,690</b>	<b>2,951</b>
Tax	750	500	600	700
<b>PAT</b>	<b>1,821</b>	<b>1,961</b>	<b>2,090</b>	<b>2,251</b>
<i>YoY growth (%)</i>	15.5	15.4	87.9	30.1
<b>Deposits</b>	<b>4,63,161</b>	<b>4,67,217</b>	<b>4,76,897</b>	<b>4,87,721</b>
<i>YoY growth (%)</i>	11.8	7.9	7.1	9.3
<b>Advances</b>	<b>3,71,314</b>	<b>3,76,290</b>	<b>4,03,585</b>	<b>4,01,363</b>
<i>YoY growth (%)</i>	6.6	4.8	11.6	12.9

**Key Ratios**

Y/e Mar	FY21	FY22	FY23E	FY24E
CMP (Rs)	163	163	163	163
EPS (Rs)	8.0	10.3	12.3	14.7
Book Value (Rs)	79	89	101	114
Adj. BV (Rs)	65	73	85	98
P/E (x)	20.3	15.8	13.3	11.1
P/BV (x)	2.1	1.8	1.6	1.4
P/ABV (x)	2.5	2.2	1.9	1.7
DPS (Rs)	0.6	0.5	1.0	1.0
<i>Dividend Payout Ratio (%)</i>	22.9	18.7	16.9	17.2
<i>Dividend Yield (%)</i>	0.4	0.3	0.6	0.6

**Efficiency**

Y/e Mar	FY21	FY22	FY23E	FY24E
<i>Cost-Income Ratio (%)</i>	41.7	40.4	40.8	40.8
<i>C-D Ratio (%)</i>	81.2	84.6	86.4	87.5
Business per Emp. (Rs m)	138	164	182	204
Profit per Emp. (Rs lacs)	10	14	17	20
Business per Branch (Rs m)	1,150	1,211	1,278	1,372
Profit per Branch (Rs m)	8	10	12	13

**Du-Pont**

Y/e Mar	FY21	FY22	FY23E	FY24E
NII	3.55	3.34	3.45	3.48
Total Income	5.82	5.26	5.29	5.41
Operating Expenses	2.04	1.88	1.90	1.92
PPoP	3.78	3.38	3.39	3.49
Total provisions	1.50	1.06	0.92	0.80
RoAA	1.15	1.32	1.42	1.53
RoAE	10.64	12.23	12.95	13.67

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-22	BUY	170	145
2	28-May-22	BUY	170	127
3	09-Apr-22	BUY	180	140

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	2,300	2,383
2	Axis Bank	BUY	940	727
3	Bank of Baroda	Accumulate	130	116
4	Can Fin Homes	BUY	675	538
5	City Union Bank	BUY	170	145
6	DCB Bank	BUY	120	89
7	Federal Bank	BUY	135	99
8	HDFC	BUY	2,900	2,378
9	HDFC Bank	BUY	1,740	1,362
10	ICICI Bank	BUY	950	800
11	IDFC First Bank	UR	-	34
12	IndusInd Bank	BUY	1,300	1,018
13	Kotak Mahindra Bank	Accumulate	1,950	1,827
14	LIC Housing Finance	BUY	450	379
15	Punjab National Bank	BUY	50	31
16	State Bank of India	BUY	620	532

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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